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C O N F I D E N T I A L SECTION 01 OF 02 ACCRA 001952

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DEPARTMENT PASS AGRICULTURE
TREASURY FOR LUKAS KOHLER
COMMERCE FOR MARIA RIVERO
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E.O. 12958: DECL: 8/22/2016
TAGS: [ECON](#) [EFIN](#) [ENRG](#) [GH](#) [PGOV](#) [EINV](#)
SUBJECT: GHANA ON THE BRINK OF AN ENERGY CRISIS

REF: A. ACCRA 1634

[1](#)B. ACCRA 1898

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Classified By: Ambassador for reasons 1.5 d and e.

[1](#)1. (U) This message is an action request (see para 9).

[1](#)2. (C) Summary: On August 22, President Kufuor met with the Ambassador to seek urgent USG assistance to prevent an energy crisis caused by record low levels of water at the large Akosombo Dam. He hoped we could provide USG-owned generation plants and fly them to Ghana to fill an immediate need for an additional 250-300 megawatts of power. There is a sense of panic in the Presidency about a looming energy crunch which could have serious economic and political consequences. End summary.

The President's Plea

[1](#)3. (C) On August 22, Ghanaian President John Kufuor urgently requested a meeting with Ambassador, in what turned out to be a plea for immediate power generation assistance. Following the meeting, Chief Advisor to the President Mary Chinery-Hesse, Minister of Energy Joseph Adda, and Volta River Authority CEO Joseph Kofi Ofedie briefed PolChief and Commercial Officer in more detail.

[1](#)4. (C) Kufuor told Ambassador that the hydropower plant at Akosombo Dam is at all time low water levels for this time of year because of poor rains and is very close to being forced to shut down. (Note: the 900 megawatt (MW) dam in Ghana's Volta Region produces 60-70 percent of the power supply for Ghana, Togo and Benin. The remainder of Ghana's power is supplied by the 220 MW CMS and 330 MW VRA thermal plants in Takoradi, a 200 MW hydroplant at Kpong Dam -- which also depends on the Volta River -- and electricity imported from Cote d'Ivoire. End note.) In addition, a recent explosion

in a Cote d'Ivoire plant which exports power to Ghana has cut off this source of power, compounding the current crisis. Kufuor sought immediate USG help in identifying a temporary capacity to supply 250 megawatts.

The Details Highlight A Serious Problem

15. (C) VRA CEO Ofedie told PolChief and Commercial Officer that the Akosombo plant has a 240 foot minimum reservoir height to run its turbines and is currently managing with 236.8 feet. If VRA has to shut the plant, it would probably lose 600 MW immediately and then the remaining 300 MW two months later (two of the plant's six 150 MW units run with lower water levels). He noted that the Cote d'Ivoire power plant is back on line but expects that domestic demand within Cote d'Ivoire will pinch the future supply to Ghana. Energy Minister Adda noted that the GOG has plans to expand power generation in the medium- and long-term but these investments will not begin to come on line until the end of 2007 (ref B).

16. (C) Chinery-Hesse emphasized that the President is "very worried" that this looming crisis could undermine national confidence and the current "feel good" from the MCA compact signing. The GOG is looking to the USG for "huge, government-owned generators", which she thought we might have available and which she hoped we could transport quickly by air. Asked about the desired time-frame for delivery, she responded "yesterday". The GOG was not interested in commercial procurements for this short-term need, she said, because tenders take too long and direct sole-source procurement posed legal obstacles. She said the immediate need was for 300 MW of power. She also discussed the need for new energy conservation efforts.

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Comment

17. (C) Chinery-Hesse and the Minister claimed the current situation was totally unanticipated, attributable to unprecedented poor rainfall. This is difficult to believe. We have repeatedly raised concerns with the GOG about the need for more power generation investments. We have reported for some time a possible power crunch in Ghana, given the lack of movement on power procurements in recent years. Even progress on the CMS plant expansion, which we reported ref A, now appears stalled. The GOG has floated a tender for a 300 MW thermal plant in Tema three times without making a decision. The low level of the Akosombo reservoir was widely known. The crisis is at least in part a product of the GOG's mismanagement of the power sector, including obstacles it imposed on CMS and other prospective foreign investment in the sector.

18. (C) This does not diminish the sense of panic in the Presidency and the real potential impact on Ghana. The energy crisis has come earlier than we anticipated and could seriously hurt Ghana's economy, including the large VALCO aluminum plant (which relies on hydro for about half its power supply). The Electricity Company of Ghana is planning to request load-shedding at a meeting tomorrow. An energy crisis would also embarrass the government as it prepares for the 2007 Jubilee celebration and the 2008 national elections.

The President and Chinery-Hesse insisted that this problem remain close-hold and have obviously turned to us as good friends of Ghana. Given what is at stake for Ghana and our Mission goals, we should do what we can to assist. End comment.

Action

19. (C) Action: Please inform post about USG (military and non-military) and commercial options which might help Ghana with this immediate need.

BRIDGEWATER